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CENTRAL INTELLIGENCE AGENCY

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SOURCE

VVB Kohleverststoffe

Luetzkendorf Mineral Oil Plant

Krumpa 5 October 1950  
AST Re/Ey

Report for the Third Quarter of 1950.

1. Supply of raw material:

Initial raw material deliveries

	Stocks	Scheduled incoming shipments	Actual incoming shipments	Percentage of schedule fulfilled	Consumption	Final stocks
Crude oil	4,100 tons	27,000 tons	35,522 tons	131	29,532 tons	10,100 tons
Crude brown coal	6,394 tons	339,000 tons	316,323 tons	93	314,815 tons	7,902 tons

In the first two months of the quarter crude oil deliveries were normal, but they increased abnormally in the last month. Although one of the two new crude oil tanks holding 3,000 cubic meters was in use in the third quarter, the volumetric capacity of the tank depot was not sufficiently large to store immediately all the crude oil delivered. Sometimes as many as four crude oil trains had to wait for unloading. The coal for the manufacture of gas has a sand content exceeding normal standards. This coal, delivered by the Neumark West (52/D 80) Plant, had an average sand content of 1.3 percent in July and 1.6 percent in August. There have been daily averages of 1.3 percent.

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However, the coal needed for gasification by our plant should not have a sand content exceeding 1 percent.

## 2. Production. (Amounts are given in tons unless otherwise noted).

	<u>Initial stocks</u>	<u>Production scheduled</u>	<u>Production actual</u>	<u>Percentage of schedule fulfilled</u>	<u>Outgoing shipments</u>	<u>Consumption of the plant</u>	<u>Final stocks</u>
Crude oil processing	10,550	23,178	29,257	126	27,472	424	11,911
Synthesis	1,399	4,500	4,773	106	4,685	65	1,422
Total		27,678	34,030		123		
Power generation		23.72 million kw	27.89 million kw		120		
Oxygen production *		249,000 cubic meters	3,155,637 cubic meters		63		

After another valve fire, the filling station had to be reconstructed from 22 July to 9 September. This interruption is responsible for the failure to fulfill the oxygen schedule. However, 19,281 oxygen cylinders were filled in September. Such a large monthly output had not been reached before.

## 3. The labor situation in the Luetzkendorf Mineral Oil and Synthesis Plant in the third quarter of 1950.

	<u>Indigenous age earners</u>		<u>Indigenous office employees</u>		<u>Total personnel</u>	<u>Workers coming from outside the town</u>		<u>Total</u>
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Indigenous</u>	<u>from outside</u>	<u>the town</u>	
State as of 30 June 1950	2,720	602	448	83	3,853	487		4,340
Employees hired from July to September	214	155	28	2	399	318		717
	<u>2,934</u>	<u>757</u>	<u>476</u>	<u>85</u>	<u>4,252</u>	<u>805</u>		<u>5,057</u>
Employees leaving from July to September	175	25	18	6	224	150		374
	<u>2,759</u>	<u>732</u>	<u>458</u>	<u>79</u>	<u>4,028</u>	<u>655</u>		<u>4,683</u>

The indigenous work force is broken down as follows:

Male workers 3,217 79.9 percent

Female workers 811 20.1 percent

4,028

Workers, including:

Apprentices 3,491 86.7 percent

Office employees 537 13.3 percent

4,028

Workers only (excl. apprentices)

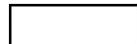
Male 2,116 75.3 percent

Female 617

3,035

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Apprentices total	456	11.3 percent
Male	<del>311</del>	
Female	115	
industrial	305	
technical	137	
commercial	14	
	456	456

Juveniles under 18 years (including apprentices	539	13.3 percent
Male	<del>305</del>	
Female	154	
	539	

Invalids work ability below 50 percent	145	3.6 percent
work ability above 50 percent	309	7.6 percent

4. Financial transactions in the third quarter of 1950 as well as previous ones were carried out mainly without the use of cash. Cash payments were limited almost exclusively to wage payments.
5. Three "Auflagen"\*\* dealing with the training of apprentices and totaling 661,500 east marks were added in third quarter of 1950 to the investment and large repair "Auflagen" already given and totaling 6,578,000 east marks. The total sum of all "Auflagen", therefore, has reached 7,239,500 east marks. A change of objects and object allocations for the initial "Auflagen" had to be requested for operational reasons, but the total sum of the "Auflagen" was not changed. Provisional or final approval was given to this change. Operations according to the new schedules are in full swing. Of these "Auflagen" about 3,200,000 east marks' worth of operations had already been carried out by the end of September while orders\*\* comprising an additional amount of 2,500,000 east marks had definitely been contracted. The remaining amount will be disposed of by additional orders and the plant's own activities. However, it is very doubtful whether all the "Auflagen" already given can be carried out by the end of 1950, because the supply of materials is extraordinarily bad, as has been reported previously. In the third quarter of 1950, we also were informed of the amounts planned for investment purposes for 1951. These are very moderate compared with our investment requests. They will allow us only restricted activity for 1951 in the field of investments and large repairs. To date, our efforts to increase the amount scheduled for investments have met with little success.
6. Our detailed financial plan for 1950 has been subjected to several changes. So far, we have not yet received the final financial plan. According to reliable information, 1,000,000 east marks for supplies have been cut from the authorized expenditures and the same amount in subsidies has been cut from the receipts. Further corrections are said to have been carried out, with the result that the final profit of 3,362,000 east marks originally planned has been reduced to zero. To date, we have not been informed of the particulars of this change. The balance on 30 June 1950 shows a loss of about 1,033,000 east marks for the first half year, but this loss has been converted into an overall profit of 2,515,000 east marks through subsidies and profits. The July account registered a loss of 306,000 east marks, and the August account a loss of 505,000 east marks. We also expect to have a loss of about 500,000 east marks in September. We are no longer paid subsidies as of 1 June 1950, because the VVB as a whole will presumably close not with a loss but with a profit. The losses of our plants will therefore be covered by the VVB from the profits of our sister plants. Only if the total balance of the VVB should again show a loss would the budget help either by subsidies or by back payments of profits which may have been delivered in excess. \*\*\* The supply of raw materials continued to be good in the third quarter of 1950. The additional supply of 12,000 tons of crude oil, promised for this year, will guarantee

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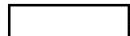
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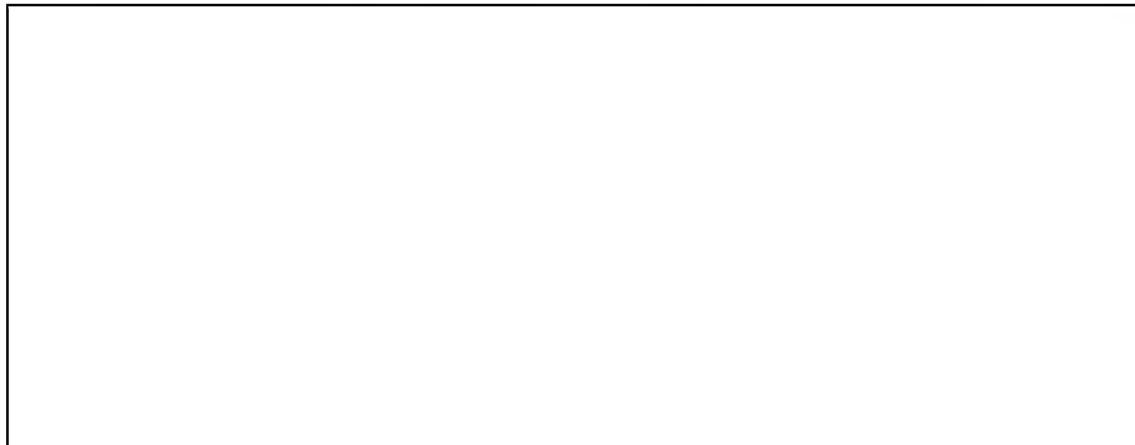
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the full employment of our crude oil processing installations until the end of 1950. Thus, no substantial interruption and time losses will occur. The financial status was favorable from July to September. The credit we were entitled to according to the allotment was not utilized before the middle of September. Thus, we could fulfill all our obligations from profit payments and amortizations to the budget.

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